Interim statement – regulated information
Ternat, 27 July 2018

INTERIM STATEMENT OF THE BOARD OF DIRECTORS

FIRST QUARTER 2018-2019[1] (closed on 30.06.2018)

EPRA EARNINGS[2] FOR THE FIRST QUARTER OF THE FINANCIAL YEAR 2018-2019 INCREASED BY 38.92% TO EUR 14.47 MILLION

THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO (INCLUDING PROJECT DEVELOPMENTS) AMOUNTED TO EUR 1,377.25 MILLION ON 30 JUNE 2018.

[1] The figures given in this press release are the consolidated, unaudited figures and are in accordance with the IFRS.
[2] EPRA earnings are calculated as follows: net result excluding changes in the fair value of investment properties, excluding the result on the disposal of investment properties and excluding changes in the fair value of financial assets and liabilities.

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1. REAL ESTATE ACTIVITIES DURING THE FIRST QUARTER 2018-2019

1.1 Rental income and occupancy rate[3]

Net rental income amounted to EUR 23.08 million in the first quarter of the financial year, an increase of 33.67% with respect to the comparable quarter in the 2017-2018 financial year. This increase is mainly due to acquisitions during the previous financial year, in particular the investments in the Netherlands.

The occupancy rate of the entire portfolio was 98.31% on 30 June 2018, compared to 98.13% on 31 March 2018.

1.2 Fair value[4] of the real estate portfolio

The fair value of the real estate portfolio (including project developments) on 30 June 2018 amounted to EUR 1,377.25 million, which represents an increase of EUR 27.88 million (+2.07%) compared to the fair value on 31 March 2018 (EUR 1,349.37 million). This is attributable to the investments and divestments in the first quarter and the variations in the fair value of investment properties.

The variation in the fair value of the retail portfolio amounted to EUR -0.94 million and consists of a positive variation in investment properties amounting to EUR 3.48 million and a negative variation amounting to EUR -4.42 million. The negative variation is especially the result of the depreciation of the transaction costs to determine the fair value of the investment properties following the acquisition of the retail park in Spijkenisse.

1.3 Investments – retail parks

On 30 April, Retail Estates purchased a retail park in Spijkenisse on the outskirts of Rotterdam. Rotterdam is one of the 4 large cities constituting “Randstad Holland”. The retail park consists of 23 retail properties and one hospitality establishment, accounting for a total built area of 28,273 m². The total investment amounts to EUR 47.20 million and generates a net rental income of EUR 3.11 million, i.e. an initial yield of 6.53%. According to the appointed real estate expert, the fair value of this investment amounts to EUR 43.30 million.

[3] The occupancy rate is calculated as the effective leased surface area in relation to the lettable surface area, expressed in m².

[4] Fair value: investment value as determined by an independent real estate expert, with hypothetical transfer taxed deducted. The fair value is the carrying amount under the IFRS (see also note 21 of the 2017-2018 annual report).

1.4 Divestments

On 15 June 2018, Retail Estates sold its retail park in **Zwolle** (the Netherlands) to an institutional investor for a total sales revenue of approx. EUR 27.60 million. This means that the company recovers the entire investment it made in December 2017 within the scope of the acquisition of the retail park portfolio of CBRE Global Investors. The sold retail park's fair value (i.e. exclusive of transaction costs) amounted to EUR 26.62 million on 31 March 2018. The sale therefore generated EUR 0.98 million in added value. The retail park accounted for an annual rental income of approx. EUR 2 million.

On 15 June 2018, a solitary retail building in **Spa** (Belgium) was furthermore sold to a retailer for a total sales revenue of EUR 0.90 million. The building had been let to Brantano since its purchase in 2003. It accounted for an annual rental income of EUR 0.07 million. The sale generated EUR 0.03 million in added value.

On 29 May 2018, a retail park in **Péruwelz** (Belgium) was sold to an institutional investor for a sales revenue of EUR 10 million. This retail park accounted for an annual rental income of EUR 0.69 million. Its fair value amounted to EUR 10.16 million on 31 March. The sale resulted in a loss in value by EUR -0.43 million, mainly due to transaction costs.

1.5 Events occurring after the balance sheet date

On 23 July the general shareholders' meeting approved the dividend for the 2017-2018 financial year, i.e. EUR 3.60 gross per share. The ex-date of the dividend is 27 July 2018, the date of payment is 31 July 2018.

2. KEY FIGURES AS AT 30 JUNE 2018

2.1 EPRA Earnings and net result

On 30 June 2018 the EPRA earnings had evolved to EUR 14.47 million compared to EUR 10.41 million in the comparable period in the 2017-2018 financial year. The calculation of the EPRA earnings per share takes into account the weighted average number of shares on 30 June 2018, i.e. 10,824,470. The EPRA earnings per share (based on the weighted average number of shares) amounted to EUR 1.34 on 30 June 2018, compared to EUR 1.13 on 30 June 2017 (based on the then weighted average number of shares, i.e. 9,175,227).

The net result as at 30 June 2018 amounts to EUR 11.51 million and includes the EPRA result, (EUR 14.47 million), the change in the fair value of the investment properties (EUR -0.94 million, see above), the result on disposals of investment properties (EUR +0.58 million, see above) and the change in the fair value of the financial assets and liabilities (EUR -2.60 million). In order to limit the interest rate risk stemming from the financing of its investments, Retail Estates has put in place very conservative hedges (called “cash flow hedges”) which, over the long term allow for the conversion of floating-rate debt to fixed-rate debt. It concerns an unrealized and non-cash item.

2.2 Weighted average interest rate[5]

The weighted average interest rate on 30 June 2018 was 2.34% compared to 2.62% on 31 March 2018 and 3.02% on 30 June 2017, and results from the reallocation of appropriations in the past financial year. Retail Estates combines bilateral credits at different banking partners with private placements of bonds for institutional investors and with a commercial paper programme (fully covered by back-up lines). The average maturity of the credit portfolio is 5.67 years.

2.3 Information per share

	30.06.2018	31.03.2018
Number of shares in circulation	11,387,593	9,489,661
Weighted average number of shares	10,824,470	9,331,494
Net asset value per share IFRS[6]	61.59	59.89
EPRA NAV[7]	62.96	61.33
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	62.42	61.73
	30.06.2018	30.06.2017
EPRA earnings per share (based on weighted average number of shares)	1.34	1.13

[5] The interest charges (including the credit margin and the cost of the hedging instruments) divided by the weighted average financial debt of the current period.
[6] This net asset value includes dividends and contains both the dividend for the first quarter of the 2018-2019 financial year and the dividend for the 2017-2018 financial year that will be paid on 31 July 2018.
[7] ERPA NAV is calculated as follows: shareholders’ equity (excluding the fair value of the authorised hedging instruments) divided by the number of shares

	30.06.2018	31.03.2018
EPRA earnings per share (based on number of shares entitled to dividends)	1.27	1.11

2.4 Debt ratio

As of 30 June 2018, the debt ratio was 48.71%, compared to 57.57% on 31 March 2018. The decrease is due to the capital increase completed on 25 April 2018 for an amount of EUR 123.37 million through the issue of 1,897,932 shares.

An amount of EUR 47.20 million was used for the acquisition of the retail park in Spijkenisse, on the outskirts of Rotterdam. The balance was used – in a first phase – to reduce the financial debt.

3. OUTLOOK

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of investment properties nor about the changes in the fair value of interest rate hedging instruments. The evolution of the intrinsic value of the shares, which is sensitive to this, is therefore uncertain.

The expected dividend is maintained at EUR 3.80 gross per share. Compared to the 2017-2018 financial year, this represents a 5.56% dividend increase. This expectation was made under the hypothesis of a stable occupancy rate and a positive evolution of rents.

4. FINANCIAL CALENDAR

Announcement of the half-year results for the 2018-2019 financial year	16 November 2018
Announcement of the annual results of the 2018-2019 financial year	17 May 2019

ABOUT RETAIL ESTATES NV

The public regulated real estate company Retail Estates NV is a niche player specialised in making out-of-town retail properties located on the periphery of residential areas or along main access roads to urban centres available to users. Real Estates NV acquires these real properties from third parties or builds and commercialises retail buildings for its own account. The premises have useful areas ranging between 500 m² and 3,000 m². A typical retail building has an average area of 1,000 m².

As at 30 June 2018, Retail Estates NV has 829 properties in its portfolio with a retail surface of 969,341 m². The occupancy rate of the portfolio was 98.31% on 30 June 2018, compared to 98.13% on 31 March 2018.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 30 June 2018 is estimated at EUR 1,377.25 million by independent real estate experts.

Retail Estates NV is listed on Euronext Brussels and Euronext Amsterdam and is registered as a public regulated real estate company. As at 30 June 2018, the stock market capitalisation of the shares amounts to EUR 868.87 million.

FORWARD-LOOKING STATEMENTS

This press release contains a number of forward-looking statements. Such statements are subject to risks and uncertainties which may lead to actual results being materially different from the results which might be assumed in this press release on the basis of such forward-looking statements. Major factors that may influence these results include changes in the economic situation, commercial, tax-related and environmental factors.

Ternat, 27 July 2018

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